

Tourism, Travel, and Recreation

Overview

Utah's travel and tourism sector saw improvements in many leading indicators in 2007. Each of the five major tourism sectors (transportation, eating and drinking, hotels and lodging, amusement and recreation, and car rentals) experienced gains. For the fourth consecutive year, the Utah ski industry experienced an all-time record in terms of skier visits. Hotel occupancies were also up. Visitation increased at both the national and state parks, but decreased slightly at state-operated welcome centers. Overall, the Utah tourism industry benefited from higher traveler spending and increased travel-related employment in 2007.

The outlook for 2008 is cautiously optimistic, as it is expected that travel among business and leisure travelers should increase. One positive result of the declining value of the U.S. dollar is that the U.S. becomes more affordable for foreign visitors. There are still concerns about gasoline prices, the environment, terrorism, the war in Iraq, and the U.S. image abroad, but industry experts forecast continued growth in 2008.

2007 Summary

Utah's Travel Industry Experiences Gains

Utah's travel and tourism sector saw improvements in 2007, as did the industry on a national basis. Estimates of non-resident tourism arrivals to Utah surpassed 2006 levels, increasing 4.7% to 20.2 million. It is estimated that the number of domestic travelers grew by 4.7% to 19.5 million, while the international visitation estimate rose 5.8% to 730,000. Despite high gas prices, visitation reports indicated a 3.3% increase in vehicle traffic along Utah's interstates, but visitation decreased 0.7% at state-operated welcome centers. The most-visited welcome center is located in St. George, which was temporarily closed while being moved to an interim location in order to make way for a new interchange for the St. George Airport. A slight decrease in overall welcome center visitation was not a surprise given that situation. The number of visitors at Utah's five national parks increased 7.4%, which is significant, inasmuch as nationwide visitation at the national parks is increasing at a much slower rate.

Hotel occupancies were 69.1% in 2007, compared to 68.3% in 2006. Statewide room rates increased 11.2% in 2007, indicating higher demand in the state's lodging sector. Hotel room rents for 2007 surpassed room rents for 2006 by 13.1%, continuing an upward trend that has lasted over 20 years.

In 2006, the number of passengers at Salt Lake International Airport declined 1.3%, but the airport still enjoyed its second highest number of passengers in the last ten years. In 2007, the number of airport passengers increased 3.2%. Delta Airlines emerged from bankruptcy and announced renewed emphasis on international travelers including a direct flight

between Salt Lake City and Paris, France. The direct flight should greatly assist the state in attracting visitors from Europe.

In 2007, Utah celebrated the 50th anniversary of state parks. State parks in Utah include reservoirs, golf courses, sand dunes, incredible canyons and vistas, and more. While drought conditions are believed to have had an adverse effect on visitation in previous years, visits slowly started to increase in 2006. Visitation accelerated in 2007 and grew by 5.2%.

The 2006-2007 ski season was the fourth consecutive record-breaking year in Utah based on skier visits. For the second year in a row, Utah skier visits surpassed the 4 million mark. The amount of snowfall was mediocre by Utah standards and local skiers didn't ski as much as they normally would while waiting for more snow. However, a large number of out-of-state skiers visited Utah resorts and provided another record-breaking season. Additionally, Utah resorts are ranked very favorably by major ski publications and the resorts continue to make yearly infrastructure improvements. These factors, combined with a highly-coordinated marketing effort, enabled Utah to gain market share.¹

By the end of 2004, many in the travel industry felt the industry had finally recovered from the negative effects of September 11, 2001. Despite concerns about the economy, the war in Iraq, the U.S. image abroad, and high gas prices, the tourism industry enjoyed robust growth in 2004. This growth continued in the first half of 2005 until hurricanes Katrina and Rita hit the Gulf Coast, causing gasoline prices, which were already perceived as high, to rise dramatically. The high gas prices continued in 2006, but finally began to decline in several parts of the country. In 2007, gas prices rose again. With 76% of Utah's overnight leisure visitors traveling via automobile, there was concern that visitation would drop. Fortunately, growth continued and the tourism industry enjoyed a strong year in terms of traveler spending and visitation.

In the years following September 11, 2001, domestic leisure travel has remained a bright spot. The following are some trends in domestic leisure travel:²

- There has been a significant increase in the proportion of leisure travelers who report having traveled with their children in the last year. Consumers appear to be placing a stronger emphasis on family values.
- Approximately one-quarter of leisure travelers are taking fewer leisure trips than they did the previous year. Their reason for traveling less is an inability to get away from their jobs.

- Leisure travelers plan extended trips approximately 11 weeks in advance, while they plan weekend trips only six weeks in advance and weekday trips only four weeks in advance.
- The internet continues to play a key role in travel planning. Forty percent of leisure travelers are interested in creating custom travel packages online.

Utah has one of the best economies in the nation and the tourism industry has played a role in that success. Each of the five major tourism sectors (transportation, eating and drinking, hotels and lodging, amusement and recreation, and car rentals) experienced gains in traveler spending.³ Utah hosted some major conventions in 2007 which also contributed to the industry's strong performance. Total traveler spending rose 2.3% in 2007 to \$6.0 billion. Total state and local taxes generated by traveler spending rose 4.0% and totaled \$617 million in 2007. Travel-related employment also grew 0.5% in 2007. Total travel-related employment was 113,173 in 2007, accounting for approximately 9.0% of total Utah nonagricultural jobs.⁴

Utah's Market Share for Domestic Traveler Spending

In 2007, Utah experienced continued increases in traveler spending and employment. Between 1996 and 2005, Utah's share of U.S. domestic traveler spending had been trending downward overall.⁵ That trend may be ending, as one study showed that Utah's share of U.S. domestic traveler spending has increased slightly from 0.88% in 2004 to 0.91% in 2006.⁶ Once additional figures are released in 2008, it can be determined if Utah improved its share of the market in 2007.

Recreation

Along with wonderful places to visit, Utah is a major destination for outdoor sports and recreation. It is interesting to note that the results of a new study have been released explaining the economic impacts of hunting, sportfishing, and wildlife watching activities in Utah. In 2006, 1.1 million residents and non-residents participated in some form of fish and wildlife-related recreation in Utah. These anglers, hunters and wildlife viewers spent \$1.2 billion in retail sales, created \$651.9 million in salaries and wages, and supported more than 24,000 jobs. The total economic effect (multiplier effect) from fish and wildlife-related recreation was estimated at \$2.3 billion.⁷

2008 Outlook

The outlook for 2008 is cautiously optimistic. Despite factors such as high fuel prices, decreasing consumer confidence, health scares, global warming, the continued presence of U.S. troops in Iraq, and the possibility of another major terrorist attack, Utah tourism is expected to increase in 2008. Slow but steady growth in domestic leisure travel should occur, especially if the economy continues to remain fairly strong. Given the

low value of the dollar, visits from foreign travelers should increase. Business travel is expected to grow slightly over the course of the year.⁸ Additionally, travelers continue to show strong interest in national parks, and Utah should benefit. Several of Utah's ski resorts again received high rankings from major publications and hope to build on the record-breaking success of the 2006-2007 season.

Competition among nearby destinations for the local and regional markets will continue to intensify as many states are increasing their marketing and promotional expenditures. National trends highlight opportunities in key segments of the travel market including adventure travel, cultural and heritage tourism, nature-based travel, and family travel. Utah is well positioned to attract these visitors.

1 Reports collected from the Salt Lake City Department of Airports, National Park Service, Utah Office of Tourism, Utah State Tax Commission, Utah Division of State Parks, Utah Department of Transportation, Ski Utah, and the Rocky Mountain Lodging Report.

2 The YPB&R/Yankelovich Inc. 2007 National Leisure Travel Monitor, pgs. 58-60, 61, 121. 2007 Yesawich, Pepperdine, Brown & Russell and Yankelovich, Inc.

3 First and Second Quarter 2007 Taxable Sales, Utah State Tax Commission.

4 Utah Governor's Office of Planning and Budget.

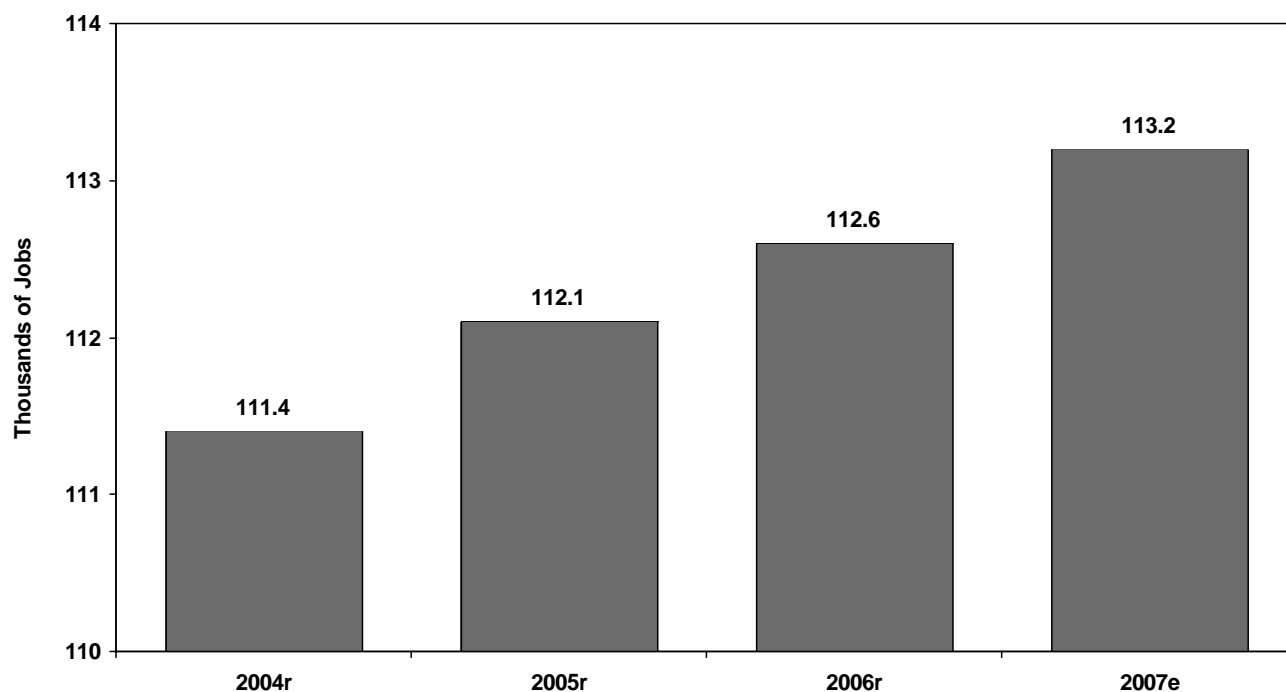
5 Based on two independent studies: 1) Travel and Tourism Works for America, Travel Industry Association of America updates this study each year - latest results are from 2004; 2) Utah U.S. Final Visitor Volume and Spending Estimates, D.K. Shifflet and Associates has provided visitor volume and spending information to the state since 1992.

6 Final Utah U.S. 2006 Volume, D.K. Shifflet and Associates, August 2007.

7 The 2006 Economic Benefits of Hunting, Fishing and Wildlife Watching in Utah, prepared by Southwick Associates, Inc. for the Utah Division of Wildlife Resources.

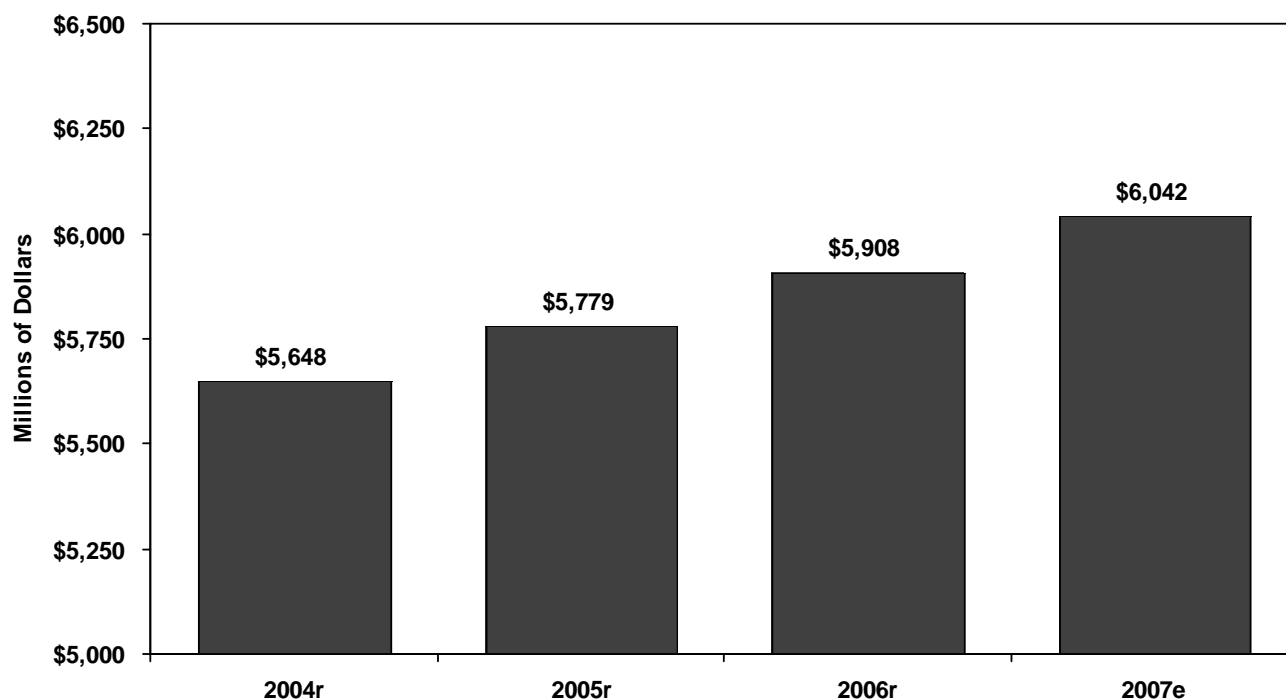
8 Outlook based on information from the 2008 Outlook for U.S. Travel and Tourism, Suzanne Cook, Travel Industry Association of America, October 2007.

Figure 79
Utah Tourism Indicators: Travel-Related Employment



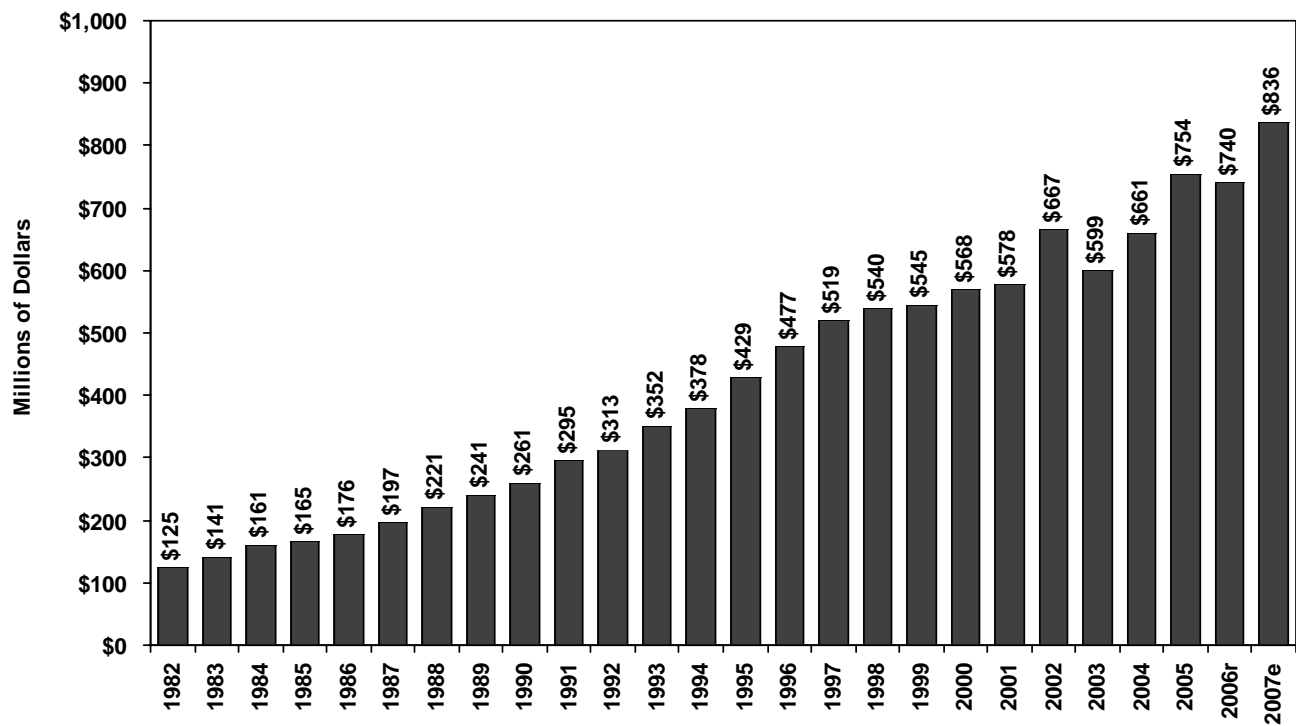
e = estimate r = revised
Source: Governor's Office of Planning & Budget

Figure 80
Utah Tourism Indicators: Traveler Spending



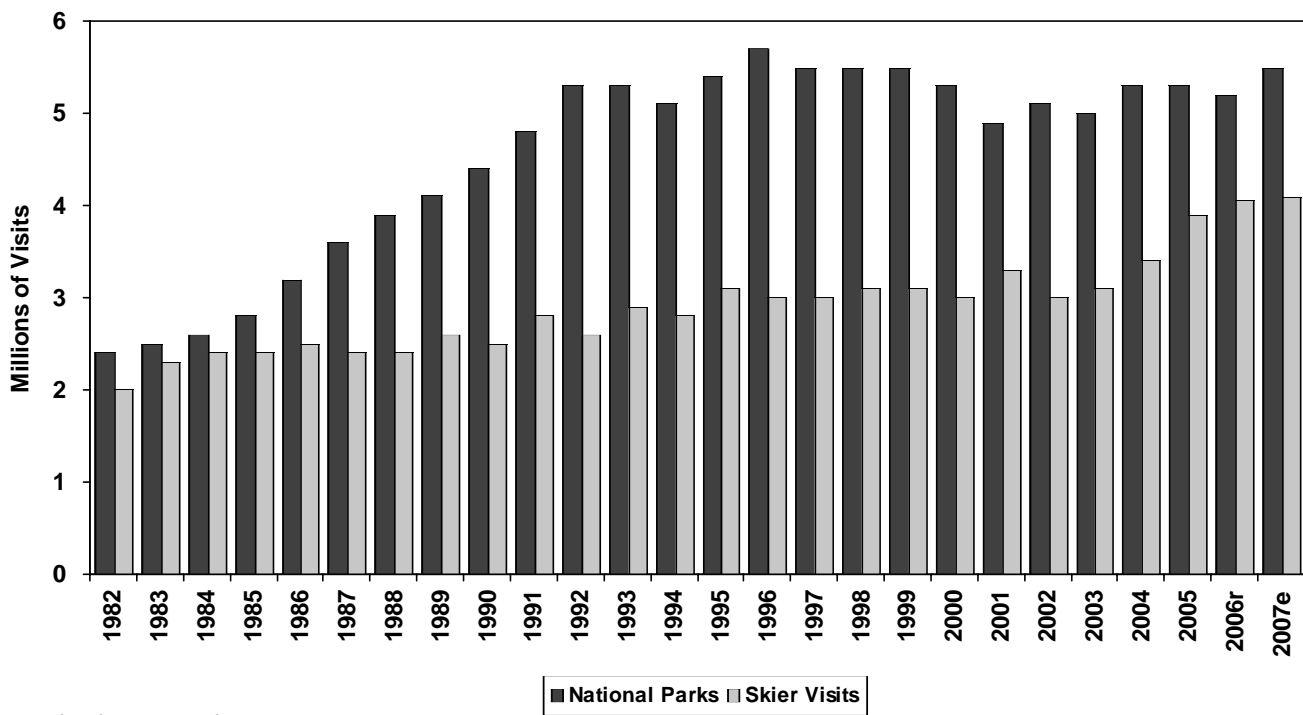
e = estimate r = revised
Source: Governor's Office of Planning & Budget

Figure 81
Utah Tourism Indicators: Hotel Room Rents



r = revised e = estimate
Source: Utah State Tax Commission

Figure 82
Utah Tourism Indicators: National Park and Skier Visits



r = revised e = estimate
Source: National Park Service; Ski Utah

Table 105

National Parks Recreation Visits

Year	Arches	Bryce	Canyonlands	Capitol Reef	Zion	Total National Parks
1982	339,415	471,517	97,079	289,486	1,246,290	2,443,787
1983	287,875	472,633	100,022	331,734	1,273,030	2,465,294
1984	345,180	495,104	102,533	296,230	1,377,254	2,616,301
1985	363,464	500,782	116,672	320,503	1,503,272	2,804,693
1986	419,444	578,018	172,987	383,742	1,670,503	3,224,694
1987	468,916	718,342	172,384	428,808	1,777,619	3,566,069
1988	520,455	791,348	212,100	469,556	1,948,332	3,941,791
1989	555,809	808,045	257,411	515,278	1,998,856	4,135,399
1990	620,719	862,659	276,831	562,477	2,102,400	4,425,086
1991	705,882	929,067	339,315	618,056	2,236,997	4,829,317
1992	799,831	1,018,174	395,698	675,837	2,390,626	5,280,166
1993	773,678	1,107,951	434,844	610,707	2,392,580	5,319,760
1994	777,178	1,028,134	429,921	605,324	2,270,871	5,111,428
1995	859,374	994,548	448,769	648,864	2,430,162	5,381,717
1996	856,016	1,269,600	447,527	678,012	2,498,001	5,749,156
1997	858,525	1,174,824	432,697	625,680	2,445,534	5,537,260
1998	837,161	1,166,331	436,524	656,026	2,370,048	5,466,090
1999	869,980	1,081,521	446,160	680,153	2,449,664	5,527,478
2000	786,429	1,099,275	401,558	612,656	2,432,348	5,332,266
2001	754,026	1,068,619	368,592	527,760	2,227,490	4,946,487
2002	769,672	886,436	375,549	523,458	2,592,835	5,147,950
2003	757,781	903,760	386,985	535,439	2,458,791	5,042,756
2004	733,129	987,250	371,706	551,910	2,674,162	5,318,157
2005	781,667	1,017,680	393,672	550,253	2,586,659	5,329,931
2006r	833,046	890,673	413,587	513,702	2,514,490	5,165,498
2007e	904,688	1,023,383	401,179	552,743	2,665,359	5,547,352

Percent Change

2006-2007	8.6%	14.9%	-3.0%	7.6%	6.0%	7.4%
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Average Annual Rate of Change

1982-2007	1.04%	1.03%	1.06%	1.03%	1.03%	1.03%
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r = revised

e = estimate

Source: National Park Service

Table 106
Profile of the Utah Travel Industry

Category	2004r	2005r	2006r	2007e	% Change 2006-2007	AARC 1998-2007
Total Spending by Travelers and Tourists (millions)	\$5,648	\$5,779	\$5,908	\$6,042	2.3%	1.0%
Total Number of Foreign and Domestic Visits (millions)	17.5	19.1	19.3	20.2	4.7%	1.0%
Number of U.S. Visits	16.9	18.4	18.6	19.5	4.7%	1.0%
Number of Foreign Visits	0.62	0.66	0.69	0.73	5.8%	1.0%
Total Travel and Recreation-Related Employment	111,379	112,051	112,572	113,173	0.5%	1.0%
Direct Travel and Recreation-Related Employment	60,637	61,036	61,347	61,705	0.6%	1.0%
Indirect Travel and Recreation-Related Employment	50,742	51,015	51,225	51,468	0.5%	1.0%
Percent of All Utah Nonagricultural Jobs	10.1%	9.8%	9.4%	9.0%	-0.4%	-0.4%
Total Direct State and Local Taxes Generated by Travel Spending (millions)	\$547	\$570	\$593	\$617	4.0%	1.0%
State Government Portion	339	353	368	383	4.1%	1.0%
Local Government Portion	208	217	225	234	4.0%	1.0%
Total Airline Passengers at Salt Lake International Airport (millions)	18.4	22.2	21.6	22.2	2.8%	1.0%
Total Traffic Count at Interstate Borders (millions)	22.2	22.7	23.1	23.9	3.5%	1.0%
Total National Park Recreation Visits (millions)	5.3	5.3	5.2	5.5	5.8%	1.0%
Total Skier Visits (millions)	3.4	3.9	4.1	4.1	0.0%	1.0%
Total State Park Visits (millions)	4.4	4.4	4.5	4.7	4.4%	1.0%
Taxable Room Rents (millions)	\$661	\$754	\$740	\$836	13.0%	1.0%
Hotel/Motel Occupancy Rates	60.8%	65.0%	68.3%	69.1%	3.2%	0.0%

r = revised
e = estimate

AARC = Average Annual Rate of Change

Sources: Estimates are based on information gathered from a variety of sources including National Park Service; Utah State Tax Commission; Utah Department of Transportation; Department of Workforce Services; Department of Natural Resources; Salt Lake International Airport; U.S. Department of Commerce; Ski Utah; Rocky Mountain Lodging Report; Department of Community & Economic Development; Governor's Office of Planning and Budget; and Governor's Office of Economic Development - Office of Tourism

Table 107
Utah Tourism Indicators

Year	Hotel Room Rents (Current \$)	National Park Visits	State Park Visits	Salt Lake Int'l. Airport Passengers	Skier Visits	Stateline Vehicle Crossings	Hotel Occupancy Rate	Travel-Related Employment	Traveler Spending (Millions)
1982	\$124,787,207	2,443,787	6,436,488	5,861,477	2,038,544	na	na	na	na
1983	140,728,877	2,465,294	5,214,498	7,059,964	2,317,255	na	na	na	na
1984	161,217,797	2,616,301	4,400,103	7,514,113	2,369,901	na	na	na	na
1985	165,280,248	2,804,693	4,846,637	8,984,780	2,436,544	na	na	na	na
1986	175,807,344	3,224,694	5,387,791	9,990,986	2,491,191	na	na	na	na
1987	196,960,612	3,566,069	5,489,539	10,163,883	2,440,668	na	na	na	na
1988	220,687,694	3,941,791	5,072,123	10,408,233	2,368,985	na	na	na	na
1989	240,959,095	4,135,399	4,917,615	11,898,847	2,572,154	na	na	na	na
1990	261,017,079	4,425,086	5,033,776	11,982,276	2,500,134	14,135,400	63.8%	na	na
1991	295,490,324	4,829,317	5,425,129	12,477,926	2,751,551	14,886,000	69.4%	na	na
1992	312,895,967	5,280,166	5,908,000	13,870,609	2,560,805	15,510,600	70.3%	na	na
1993	352,445,691	5,319,760	6,950,063	15,894,404	2,850,000	15,669,500	71.9%	na	na
1994	378,024,547	5,111,428	6,953,400	17,564,149	2,800,000	16,589,300	73.7%	na	na
1995	429,189,045	5,381,717	7,070,702	18,460,000	3,113,800	17,301,000	73.5%	na	na
1996	477,409,577	5,749,156	7,478,764	21,088,482	2,954,690	17,963,500	73.1%	na	na
1997	519,160,181	5,537,260	7,184,639	21,068,314	3,042,767	18,696,400	68.0%	na	na
1998	540,424,182	5,466,090	6,943,780	20,297,371	3,101,735	19,590,300	63.8%	na	na
1999	545,328,875	5,527,478	6,768,016	19,944,556	3,144,328	20,675,000	61.6%	na	na
2000	567,708,954	5,332,266	6,555,299	19,900,770	2,976,769	21,191,900	60.9%	na	na
2001	578,445,705	4,946,487	6,075,456	18,367,961	3,278,291	21,721,698	59.9%	na	na
2002	666,718,674	5,147,950	5,755,782	18,662,030	2,974,574	22,916,391	62.1%	na	na
2003	599,476,406	5,042,756	4,570,393	18,466,756	3,141,212	22,006,945	58.8%	na	na
2004r	660,606,509	5,318,157	4,413,702	18,352,495	3,429,141	22,194,190	60.8%	111,379	\$5,648
2005r	753,689,699	5,329,931	4,377,041	22,237,936	3,895,578	22,744,975	65.0%	112,051	5,779
2006r	739,621,493	5,165,498	4,494,990	21,557,646	4,062,188	23,131,875	68.3%	112,572	5,908
2007e	836,435,000	5,547,352	4,728,729	22,247,490	4,082,094	23,895,227	69.1%	113,173	6,042
Percent Change 2006-2007	16.5%	7.4%	5.2%	3.2%	0.5%	3.3%	1.2%	0.5%	2.3%
Average Annual Rate of Change 1982-2007	1.1%	1.0%	1.0%	1.1%	1.0%	1.0%	0.3%	1.0%	1.0%

r = revised

e = estimate

Sources: National Park Service; Utah State Tax Commission; Utah Department of Transportation; Department of Workforce Services; Department of Natural Resources; Salt Lake International Airport; Ski Utah; Rocky Mountain Lodging Report; Department of Community & Economic Development; Governor's Office of Planning & Budget; Governor's Office of Economic Development - Office of Tourism

